Supreme Court, U.S.
FILED
AUG 22 1986
JOSEPH F. SPANIOL, JR.
CLERK

No. 86-96

IN THE

Supreme Court of the United States

OCTOBER TERM, 1986

EASTMAN KODAK COMPANY,

Petitioner,

v.

POLAROID CORPORATION,

Respondent.

Petition For A Writ Of Certiorari To The United States Court Of Appeals For The Federal Circuit

RESPONDENT'S BRIEF IN OPPOSITION TO PETITION

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August 22, 1986

331-P

QUESTIONS PRESENTED

Kodak's "Questions Presented" are unrelated to any issue in this lawsuit.

Question 1 urges that the Federal Circuit used the wrong standard to judge the validity of seven Polaroid patents. This misconstrues the determinations in the courts below. The District Court, after noting that "the parties are in substantial agreement on the standards for judging . . . obviousness under 35 U.S.C. § 103" (A51), correctly applied the obviousness analysis of 35 U.S.C. § 103 and the decisions of this Court. On that basis, it held that Kodak did not meet its burden of proving invalidity for obviousness of these seven Polaroid patents. The Federal Circuit carefully considered each of Kodak's legal and factual arguments concerning obviousness and affirmed the decision below as "a correct application of the patent law to the facts found" (A3).

Question 2 states a correct but irrelevant proposition of patent law. There is nothing in this case to which it applies.

Question 3 presents an irrelevant proposition. The Federal Circuit recognized that it had to "decide whether the trial judge's controlling fact findings are clearly erroneous, or whether on the controlling facts correctly found the trial judge's legal conclusion can or cannot stand" (A5). The Federal Circuit did precisely that.

The only real question presented here is whether Kodak, defeated in the Courts below, is entitled to another hearing on its factual contentions concerning the invalidity and noninfringement of these seven patents. That question was answered in *Magnum Co.* v. *Coty,* 262 U.S. 159, 163 (1923): "[Certiorari] jurisdiction was not conferred upon this Court merely to give the defeated party in the Circuit Court of Appeals another hearing."

STATEMENT PURSUANT TO COURT RULE 28.1

Pursuant to Court Rule 28.1, respondent Polaroid Corporation states that it is a corporation of the State of Delaware. It has no parent company, nor any subsidiaries that are not wholly owned. Its affiliates are Pactide Corporation; PB Diagnostic Systems, Inc.; Advanced Color Technology, Inc.; and Sage Technology, Inc.

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ABBREVIATIONS

The following abbreviations are used in this brief:

A____ Quoted language or support for statement appears at page ____ of the appendix to the petition for a writ of certiorari.

JA____ Quoted language or support for statement appears at page ____ of the joint appendix in the Court of Appeals for the Federal Circuit.

P____. Refers to page _____ of the petition for a writ of certiorari.

Patents are referred to by either their full number or their last three digits, e.g., U.S. Patent 3,362,821 can be referred to as '821.

Footnotes are omitted from quoted matter unless otherwise indicated.

Emphasis supplied throughout unless otherwise indicated.

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RESPONDENT'S BRIEF IN OPPOSITION TO PETITION

I. CONSTITUTIONAL PROVISION, STATUTES AND RULE INVOLVED

In addition to the Constitutional provision and sections of the patent statute set forth in Kodak's Appendix (A185-89), the "clearly erroneous" provision of Rule 52(a), F.R.Civ.P., is relevant to this petition. Rule 52(a) is appended following Polaroid's brief.

II. STATEMENT OF THE CASE

The Federal Circuit affirmed those portions of the District Court Judgment holding that Kodak infringed twenty claims of seven Polaroid patents and had not met its burden of proving their invalidity or unenforceability.[1] That decision is manifestly right. The District Court's exhaustive decision (A43-109) was rendered after a 75-day trial and on the basis of 1000 pages of briefs. The District Court properly relied on the decisions of this Court as followed by the regional courts of appeal and the Federal Circuit.

This case, like many patent cases, "turns on the facts". *Graham* v. *John Deere Co.*, 383 U.S. 1, 5 (1966). The District Court straightforwardly applied well-accepted doctrines of patent law to the facts found. Even assuming, *arguendo*, as Kodak asserts, that "the Federal Circuit's decisions since its creation in 1982 have wrought a sea change in patent law" and, therefore, this Court at some time should review the "substantive legal standards of patentability developed by the Federal Circuit" (P2), this case presents no opportunity for doing so.

The subject matter here is a quintessential contribution to technology, involving inventions properly protectable under any intelligible standard of patentability. The brilliance of Polaroid's SX-70 integral instant photography system was made plain by Kodak's expert witness, Edward K. Kaprelian, a camera collector and historian. In an August 1976 article summarizing the history of 135 years of American photography, Mr. Kaprelian wrote that the "remarkable" SX-70 camera "is entirely different from any other camera internally as well as in external appearance. . . . [It] stands today as the most innovative and advanced mass-produced amateur camera ever

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[1] '165 and '262, two of the ten patents tried, cover related inventions and were treated as one. The District Court found twenty claims of seven patents valid and infringed ('821, '789, '165/'262, '540, '392, '211), one patent valid but not infringed ('439), and eleven claims of two patents invalid for obviousness but, if valid, infringed ('122 and '220) (A158-61). In addition, the District Court found one claim of '392 not infringed, one claim of '211 valid but not infringed and another claim of '211 invalid but, if valid, infringed. *Id.* The District Court held Polaroid's '269 patent invalid for obviousness on summary judgment prior to trial (A168-81) but declined to do so for '165/'262 (A163-67).

made" (JA4981-92). Revisitation of the standards of patentability could not alter the outcome of the present case and controversy.

Kodak had unparalleled expertise in conventional photography. Beginning in the 1950's, it pursued its own research in instant photography. Kodak engaged in decades of cooperative work with Polaroid. Kodak had total knowledge of the prior art upon which it now relies. Therefore, Kodak was in a unique position to make its own contribution to instant photography. Instead, Kodak entered instant photography through misappropriation and litigation (A2)[2] rather than innovation. Kodak had to have an integral instant photography system similar to SX-70 in order to maintain its position in the general photographic market. Kodak took the heart of Polaroid's patented technology for its EK-6 camera and PR-10 film, which it characterized as its "me-too" system (JA8252).

The District Court's decision on these seven Polaroid patents manifests an awareness of their significance. At trial, Dr. Edwin H. Land ('821, '540 and '392) and Howard G. Rogers ('789, '165/'262), who played key roles in Polaroid's pioneering efforts, cogently explained their patents, the technology upon which they are based, the problems which they solved, and Kodak's infringement. John J. Driscoll, a senior Polaroid engineer, did the same for '211.[3] Kodak ignores the significant role of this trial testimony in assisting the District Court to resolve the many complex factual issues before it. See, e.g., *Graver Mfg. Co.* v. *Linde Co.*, 336 U.S. 271, 274-75 (1949).

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[2] During five years of discovery, Kodak took the depositions of scores of Polaroid employees for hundreds of days. Discovery disputes accounted for more than 1000 docket entries (A2). During trial, Kodak consumed 23 days cross-examining 9 Polaroid witnesses, and called 20 witnesses who testified for approximately 23 days on direct examination and 14 days on cross-examination. The record on appeal encompassed 18,000 pages of testimony, documents and exhibits (A4). Kodak relied on 137 prior art references in its 35 U.S.C. § 282 notice for the seven patents which are the subject of this petition (A2).

[3] Kodak's principal expert witnesses, Dr. Franz Trautweiler ('789, '821, '165/'262 patents), Dr. Peter Z. Adelstein ('540 patent) and Mr. Kaprelian ('392 and '211 patents) had no "hands-on" experience in instant photography: none had designed instant integral films or instant integral cameras, nor had any of them analyzed Polaroid's SX-70 or Kodak's PR-10 film units.

The decisions below are faithful to the constitutional purposes of the patent laws, which offer "inventors exclusive rights for a limited period as an incentive for their inventiveness and research efforts . . . in the hope that '[t]he productive effort thereby fostered will have a positive effect on society through the introduction of new products and processes of manufacture into the economy, and the emanations by way of increased employment and better lives for our citizens.'" *Diamond* v. *Chakrabarty*, 447 U.S. 303, 307 (1980). These decisions present no issue for this Court to review.

A. History Of This Controversy

Dr. Land approached Kodak in April 1968 to be the supplier of negative for the new system of instant color photography which was to become SX-70.[4] In the fall of 1968, he showed photographs made with this "radically new film", which did not require the peel-apart step of Polacolor, to Kodak's top executives on a confidential basis (A48). Kodak swiftly concluded that, if workable, Polaroid would have "a tremendously popular, new and perhaps revolutionary system" and that, as a result, Kodak's conventional color film would run the risk of suffering severely in the market (JA7932).[5] Kodak became determined "to put an instant product on the market by 1976" (A48).

In April 1972, Polaroid introduced SX-70 integral instant photography. With SX-70, the photographer, after selection of a scene, needed only to focus and press a button. The motorized SX-70 camera did the rest, using a film unit that remained in one piece before, during and after exposure and processing, and developed in daylight (A47).

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[4] Kodak had long been a supplier of negative to Polaroid, manufactured at Kodak to Polaroid's design specifications, for use in Polaroid's sepia, black-and-white and color peel-apart films. In the peel-apart format, the photograph had to be peeled from the negative to view the image (A45-48).

[5] Kodak estimated a potential loss in sales of 6.5 billion dollars in conventional film over ten years because of SX-70 (JA7966-70). Kodak marketing studies indicated that Kodak would capture 35% of the instant photography market by manufacturing products technically comparable to Polaroid's proposed integral system, but that the product had to come to market by 1976 to reap the maximum return on investment (JA8052, 8070-71).

Kodak was devastated. It jettisoned its then current non-peel-apart and peel-apart approaches (A48-49).[6] It put thousands of people to work to make a camera and film system similar in size and operation to SX-70 by 1976 (A49). Employees were urged not to let development be "constrained by . . . potential patent infringement" but to leave that concern to Kodak's Patent Department (A51).[7] The District Court summarized that effort: "It is undisputed that Kodak purchased large quantities of SX-70 cameras and film in October 1972, after they became commercially available. It is also undisputed that the several groups and departments involved in P-130 [Kodak's non-peel-apart film and camera program] were ordered to familiarize themselves with the Polaroid product and to test it. As a result, Kodak's marketing coordinators and managers commented in January 1973 that the P-130 program, as it then existed, was only 'marginally acceptable.' They recognized that Polaroid had set the standard Kodak would have to meet and that even a 'me-too' program would require more than two and one-half years to produce a less than equal design" (A50).

Kodak entered instant photography with its infringing cameras and film precisely on its April 1976 target, just as Polaroid was poised to reap the benefit of its investment of hundreds of millions of dollars in innovative technological research. This suit followed.

B. The Polaroid Patents

The inventions of the seven patents that are the subject of Kodak's petition are crucial to the success of Polaroid's business

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[6] Up to that time, Kodak had spent tens of millions of dollars developing instant film and camera systems, including peel-apart film for use in then-current Polaroid cameras and a number of non-peel-apart film and camera systems (A48-49).

[7] Minutes of meetings, periodic reports and other documents relating to its instant integral program were routinely sent to Kodak's general counsel for clearance and for incorporation of counsel's comments, additions and deletions before distribution to technical and managerial personnel. The original versions were destroyed (JA8131-41).

and to Kodak's product line of instant integral films and cameras.[8] These inventions are the stabilization process which stops development, and cleans and preserves instant color images ('821); the basic color chemistry which has made billions of instant color photographs ('789); the film unit structure, which permits integral instant film units to be exposed from one side and viewed from the other side, and kept intact before, during and after processing and development in daylight ('165/'262); the film support structure which produces the world's only flat instant photographs ('540); the camera and cassette structure which reliably transports, processes and ejects into daylight instant integral pictures ('392); and the camera structure which enables the efficient and complete spreading of miniscule amounts of developer fluid to produce these instant integral pictures ('211).

1. Land U.S. Patent 3,362,821

'821 addresses and eliminates the problems inherent in stabilizing a color diffusion transfer process: namely, purging undesired salt-forming reagents from the environment of the dye image, preventing degradation of the image, and preserving the dye's stability to light.[9] To accomplish this, '821 teaches the use of a relatively thick layer containing a substantial amount of a non-diffusible polymeric acid, its availability appropriately timed to cause a pH reduction promptly after the negative is developed and the dyes transfer to form a stable, full color image (A56-57).[10]

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[8] Kodak conceded in the Federal Circuit that it infringed four of these seven patents ('165/'262, '392 and '540) (A3). The decisions of the District Court (A62-64, 72-78, 141) and the Federal Circuit (A13-15, 18-21, 41-42) leave no room for doubt that it infringed the remaining three ('821, '789 and '211) as well.

[9] Stabilization stops development and removes reagents which could be harmful to the image. "[E]ach type of [instant] film, sepia, black and white, and color, unexpectedly called for markedly different stabilization techniques" (A53).

[10] The non-diffusible polymeric acid layer of '821 retains its physical integrity and reduces the pH at the surface of the image-receiving layer, after the image is formed, by extracting the alkali metal ions and retaining them within its polymeric structure (JA5247).

Prior art U.S. Patent 2,584,030 is discussed in detail and distinguished in the '821 patent (A11-12, 62). '030 addressed the problem of preventing stain from appearing in the "highlight" portion of a silver image by the use of a slowly dissolving polymeric acid that is coated in an amount small enough so as not to interfere with silver development. Because it is not associated with a timing mechanism, it is immediately available to the alkaline reagent (A10-11, 60; JA10995).

The record below details the years of unsuccessful attempts at both Polaroid and Kodak to stabilize and preserve instant color images, with full knowledge of '030. Dr. Land's insight resulted in "the particular conformation, position and qualities of the '821 polymeric acid layer for stabilizing color diffusion transfer film units" (A54-55, 61).[11] The District Court, after hearing expert testimony, found that '030 "does not teach the system embodied in '821. . . . Neither [the] unique requirements of color, nor the mechanisms disclosed in '821 for meeting them are disclosed in '030" (A60-61).

The District Court found each element of the process of claim 1 of '821 in the Kodak PR-10 process (A63).

2. Rogers U.S. Patent 3,245,789

'789 discloses a color diffusion transfer process for forming color photographs, prints, or transparencies, using "negative" dye developers which contain, in a single molecule, both a preformed dye and a developer (A65-66).[12] In the '789

[11] Because the stabilization problem seemed insurmountable before Dr. Land's '821 invention, Polaroid designed and began to manufacture commercial quantities of a print coater for its new Polacolor film. It was cumbersome and difficult to use. It required the photographer to swab each photograph with a solution that both washed the film and gave it a protective coating. '821 enabled the introduction of Polacolor, coaterless, to the market (A55-56, 61).

[12] Dye developers were "an entirely new approach" to color chemistry (A65). They were invented by Mr. Rogers after years of experiments from which he concluded that the coupler chemistry and p-phenylenediamine developers of conventional color photography were impracticable and unsuitable for use in instant photography (A64-65). "Mr. Rogers, in fact, hypothesized two possibilities, a 'positive' dye developer which as a consequence of oxidation would produce a less soluble product, and a 'negative' dye developer which would create a more mobile dye product" (A65-66). In 1966, he was awarded the John Price Wetherill Medal by the Franklin Institute for his invention of dye developers (JA7714).

process, the exposed silver halide emulsion is developed in the presence of a colored silver halide developing agent (negative dye developer) which, upon oxidation, forms a colored oxidation product (dye). This oxidation product, which has a lower molecular weight and is substantially more mobile and more diffusible than the dye developer, transfers to a superposed receiving layer where the full color image is formed (A66-68).

Kodak's prior art Australian Patent 241,147 ("Whitmore-Mader") proposes a process which is to be carried out with the application of two *separate* processing solutions in two *separate* processing treatments. The District Court found that: "The Whitmore-Mader proposal requires after oxidation of the dye compound 'subsequent treatment with . . . strong alkali' which causes deamination and splitting off of the dye.[13] In contrast, '789 and PR-10 are one-step processes", which "are fundamentally different from those described in the prior art" (A76).[14] The sulfonamidophenol dye developers of Kodak's PR-10 film are "in reality . . . another species of negative dye developer" (A76). They were proposed by Kodak, with full knowledge of '789 and Whitmore-Mader, after years of unsuccessful work directed at developing a color instant photographic product using coupler chemistry and p-phenylenediamine color developers.[15]

Crediting the expert testimony at trial, the District Court found that: "The oxidation and cleaving reactions of PR-10 and '789 occur in a similar manner and with one treatment. The parties agree that oxidation of the negative dye developer of '789 results in splitting off a diffusible dye molecule. The

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[13] "The Whitmore-Mader process is, moreover, of questionable utility. The dye group specified is a para-phenylenediamine compound and therefore suffers all the disadvantages attendant on the use of that chemical" (A76). Whitmore-Mader was never pursued even experimentally at Kodak other than a few months prior to trial of this action to generate evidence for use at trial (A77; JA2651-52).

[14] Kodak's current view that Whitmore-Mader and PR-10 are the same is inconsistent with its *ante litem motam* Fleckenstein patent relating to PR-10 chemistry, which distinguished Whitmore-Mader from PR-10 because Whitmore-Mader included a second, subsequent treatment step (JA13306).

[15] At Kodak, the PR-10 dyes were regularly referred to as dye developers until October of 1971, when, because of "patent considerations", Kodak researchers were instructed to use the nomenclature "dye releasers" (JA8587).

reaction takes place in the alkaline processing composition and it is without question a one-step reaction. . . . The oxidation and splitting reactions in PR-10 also take place in the alkaline solution and I find that they occur essentially simultaneously. That is, when oxidized, the dye compound cleaves into dye and immobile by-product virtually instantaneously. I credit the testimony of Mr. Rogers that the reaction mechanisms [of] '789 and PR-10 are the same" (A75).

The District Court found each element of the process of claims 5-9 of '789 in the PR-10 process (A77).

3. Rogers U.S. Patents 3,594,165 and 3,689,262[16]

'165/'262 disclose an integral color instant film unit which includes the unique arrangement of the necessary layers and components (a) to allow the film unit to remain intact before, during and after exposure and processing, (b) to enable the film unit to be ejected from the camera immediately after exposure for daylight processing, and (c) to provide a right-reading image without the use of an image-reversing mirror in the camera (A78-80).[17]

Prior art U.S. Patent 3,415,645 was considered thoroughly during the prosecution of '165/'262 (A22-24). '645 "describes a film unit that has one opaque layer which serves both as a light barrier and white background for viewing, and an opaque flap which is superimposed on the negative layers after exposure" (A82). To permit exposure in the camera, the opaque flap must be lifted from the film's photosensitive layers (A82). It differs from '165/'262 in many significant ways.[18]

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[16] '262 is a continuation of '165. Subject to a terminal disclaimer, it will expire on the same day as '165 (JA5288).

[17] The Rogers invention is free of the inherent complications of the structure of prior art U.S. Patent 3,415,644 which was being pursued at Polaroid at that time (A78-80). The District Court characterized the Rogers invention as "a neat solution to the competing requirements of a darkroom for processing and at least one transparent support for exposure" (A80).

[18] Dr. Trautweiler conceded and the District Court found that '645 does not disclose a composite film unit which is integral before, during and after processing and which contains a rupturable pod as in '165/'262; nor the photosensitive laminate of '165/'262; nor the spreading of processing composition between the transparent sheet and a photosensitive laminate having the film's negative and positive layers as claimed in '165/'262; nor a transparent sheet superposed on the film's photosensitive laminate as called for by '165/'262 (A24, 83; JA3738-43).

Prior art U.S. Patent 3,415,644, which describes an integral film unit, also was considered thoroughly during the prosecution of '165/'262 (A23-24). In '644, during processing, the photosensitive layers are protected by an opaque support and an opaque processing fluid spread between the film's negative and positive elements (A78-79).

Prior art U.S. Patent 3,053,659 discloses peel-apart film units, including those that can be used to take x-ray pictures (A25, 85). Kodak conceded in the District Court that the '659 disclosure of opaque processing fluid for x-ray peel-apart films is no more pertinent to the '165/'262 integral film units than the disclosure of opaque processing fluid in '644 (Exhibit 110 to Polaroid's Memorandum In Opposition To Kodak's Motion For A Stay Of Injunction Pending Appeal). Neither '659 nor '644 impairs the validity of '165/'262 (A24-25, 78-80, 85).

The District Court found that, during Kodak's own attempt to patent the '165/'262 film unit, Kodak "distinguished this film structure over the prior art including, in particular, the Land '645 patent and pointed to precisely the same advantages over the prior art on which Mr. Rogers now relies" (A85-86).

On appeal, Kodak did not contest the District Court's finding (A88) that Kodak's PR-10 film unit infringes claims 3, 5 and 6 of '165/'262.

4. Land U.S. Patent 3,578,540

'540 discloses that a generally flat, undistorted, dimensionally stable, yet flexible integral film unit can be achieved by using a pair of supports made of polymeric films which exhibit low water absorption and water vapor transmission rates so that they are relatively impermeable to and non-swellable by moisture (A103).[19]

For decades prior to SX-70, flatness of a photographic print on flexible material was a goal that had been sought but never achieved (A102-03, 105-06; JA374). It was assumed

[19] "[I]n an integral film unit the direct and indirect impact of moisture operates initially on the inside surfaces of the supports, and if the impact or stress on the supports is balanced the problem of curl is solved" (A103).

during SX-70's development that the causes of non-flatness in the closed system of integral film units would be analogous to but more complex and numerous than those encountered in single sheet photographs (A102, 105-06). It was also believed that the integral film unit should dry quickly for image stability (A106). The relatively high water vapor permeability of cellulose acetate made it an attractive choice for use as one or both film supports (JA372-73). Experience revealed that cellulose acetate, used either for both supports or paired with polyester, would not produce generally flat film units and, therefore, was not commercially viable (A107).

Prior art U.S. Patent 2,983,606, which is discussed in the '540 patent, "teaches nothing about choosing materials for those supports" (A107-08). Prior art U.S. Patent 2,563,342 discloses black-and-white film that uses two supports of cellulose acetate (A107).

The District Court found that "Dr. Land's insight lay in the recognition that the problem has to do not solely with the reaction of the supports to that environment [in which processing fluid is spread between two permanently bound supports] but also to each other. The film unit will remain flat if the supports are symmetrical in the sense that both have low water transmission and absorption rates. It had theretofore been thought that to maintain image stability one of the supports had to be water permeable so that the film unit could dry fairly rapidly. Contrary to that prevailing wisdom, Dr. Land believed that with the presence of the polymeric acid layer in the film unit a wet environment would not harm the image (*see* Part II, the '821 patent, *supra*)" (A106).

Kodak, in its quest for a flat, chemically stable integral film unit, never perceived the significance of supports symmetrical in their physical response to moisture and permeability to water vapor. Kodak persisted in its pursuit of an asymmetrical film unit with at least one water permeable support to facilitate drying. After years of unsuccessful efforts, it had "tested . . . more than 600 different support materials" (A109). As soon as Kodak obtained SX-70 film units, it analyzed the SX-70 film

supports and found that both were sheets of polyester (JA6220, 6226). Kodak promptly abandoned its search and "began to use two polyester supports" (A109).

On appeal, Kodak did not contest the District Court's finding (A110) that Kodak's PR-10 film unit infringed claims 5, 6 and 8 of '540.

5. Land U.S. Patent 3,753,392

'392 discloses a transport and processing system for instant integral film units that includes a motorized camera and a cassette containing a stack of thin, flexible film units. It teaches the use of a single rear pick which enters a slot in a rear corner of the cassette to engage the instant integral film unit. It explains the cooperation of the components to achieve a reliable, smooth and uninterrupted film advancing system (A111, 122-23).

Fundamental to the success of an instant integral photographic system is reliable transport and processing of billions of thin flexible film units by photographers with a great range of skills under unpredictable conditions. Prior to the '392 invention, many transport mechanisms for SX-70 were tried. Dr. Land's proposal that a single pick enter a slot in the cassette at the end opposite the spread rollers, engage the film unit at a rear corner, and push it into the spread rollers turned failure into success (A111-14). "This solution eliminated the need for holes in the film unit, it avoided any possibility of fogging, and it proved to be extremely reliable" (A113). Picking from a single rear corner flouted the conventional wisdom: "Because the film units were thin and flexible, it had earlier been thought that they had to be pulled rather than pushed out of the cassette" (A112).[20]

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[20] Kodak's experience confirms this. After years of unsuccessful efforts (A49), an inspection of SX-70 convinced Kodak that it, too, needed a film transport and processing system that avoided the holes, tabs or notches in the film unit that are associated with front picking (JA2394-95). Shortly thereafter, Kodak incorporated in its EK-6 camera the single rear pick, the cassette and the motorized film transport and processing system of SX-70 and '392 (JA4068-69).

The District Court assessed the scores of prior art devices relied on by Kodak (A123-28). After carefully considering each reference in the light of extensive expert testimony, the Court found that: "The invention must . . . be viewed in the context of the entire film transport arrangement and the demands of an instant camera. So viewed, the invention is not obvious. The differences between the prior art and the invention are important: none of the prior art patents or cameras had to solve the practical problems of a camera that not only stores and exposes film, but also processes it" (A128).

On appeal, Kodak did not contest the District Court's finding (A130) that Kodak's EK-6 camera infringes claims 1, 2, 3 and 4 of '392.

6. Wareham and Paglia U.S. Patent 3,810,211

'211 discloses a camera which deflects an integral instant film unit downward as it emerges from the spread rollers, while restraining the upward movement of the portion of the film unit behind the spread rollers. This flattens the processing fluid wavefront and thins the processing fluid layer.[21] Deflection also lengthens the film path within the camera to alleviate fogging of the integral film unit by light-piping through its transparent support (A133).[22]

A presumption during the development of SX-70, derived from experience with peel-apart films, was that the film unit should emerge from the spread rollers in a straight path so as to

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[21] In an integral instant photography system, in which the pod and trap remain concealed within the borders of the film unit before and after processing, the pod and trap must be kept small in order to maximize the size of the image relative to the borders. The more efficient the use of processing fluid, the smaller the pod and trap. In an integral film unit, "[t]he fluid does not maintain a straight front as it is pushed by spread rollers; it takes the shape of a tongue. The center of the advancing fluid tends to move ahead of the edges in a shape similar to that assumed by even an initially square piece of dough when it is rolled. . . . Since it required additional processing composition to ensure complete coverage, considerable effort had been expended at both Polaroid and Kodak to achieve a flattening of the meniscus" (A132).

[22] When an integral film unit emerges from the camera, light can travel through the transparent support to fog the unprocessed portion of the film unit behind the spread rollers (A130-31).

achieve proper spreading (A132). Accordingly, Polaroid planned to manufacture an SX-70 camera with a straight film exit path (JA1322-23).[23] Richard R. Wareham and Richard Paglia, in an attempt to eliminate the fogging of film caused by light-piping in the prototype SX-70 system, proposed a light-shield that would deflect the film unit in an arched path as it emerged from the spread rollers. This served to lengthen the film unit's path of travel within the camera without increasing camera size (A131). The District Court found that: "Unexpectedly, bending the film unit to accommodate to the light-shield structure turned out to assist materially in the spread control process" (A132).[24] The light-shield/deflector was incorporated in the SX-70 camera (A131).

Prior art U.S. Patent 3,415,619 discloses a "scanning" camera for use with peel-apart film. The photosensitive and positive sheets are stored separately in two chambers until they are superposed as they enter the spread rollers (JA4841-43). The superposed opaque sheets are moved from the spread rollers into a passage which is curved to allow the film to pass around the camera motor. After hearing extensive expert testimony, the District Court found that '619 did not anticipate '211 or render it invalid for obviousness (A135-38).

The District Court found that the structure for deflecting an integral instant film unit of claim 8 of '211 appears in Kodak's EK-4 and EK-6 cameras (A141).

III. SUMMARY OF ARGUMENT

Although this controversy was large in evidentiary scope, it turned on the application of settled principles of patent law to the particular facts presented. The District Court's Memo-

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[23] Kodak had a similar experience. In its Lanyard camera, an early 1972 design, the film unit emerged from the camera in a straight path, without deflection (JA2369-70).

[24] Kodak engineers observed during the first public SX-70 demonstrations that the film unit emerged from the camera at a 30° angle (JA10639). After that observation, a Kodak engineer began experimenting with a deflection angle of 30°. He learned that deflecting an integral film unit produces a square spread. Deflection was hailed at that time by Dr. James M. Wheeler, Kodak's expert witness at trial on spreading, as providing a "dramatic improvement" in spread shape (JA4364-65). It was subsequently adopted by Kodak in its EK-4 and EK-6 cameras (JA4393).

randum of Decision encompassed nine separate sets of findings of fact and conclusions of law (A50-51).[25] With regard to each patent, in accordance with *Graham* v. *John Deere Co., supra,* 383 U.S. at 17-18, and its companion case, *United States* v. *Adams,* 383 U.S. 39 (1966), the District Court analyzed the scope and content of the prior art, the differences between the prior art and the claimed inventions, and the level of skill in the art.

As the Federal Circuit observed, the District Court's Memorandum of Decision "exhaustively articulated the parties' contentions, including each of Kodak's myriad defenses. Incorporating her fact findings and legal conclusions, she delineated the evidence and testimony introduced at trial and noted her credibility determinations" (A3). The District Court found infringement by comparing Kodak's accused cameras and film to the asserted patent claims, all in accordance with *Graver Mfg. Co.* v. *Linde Co.,* 339 U.S. 605, 607-08 (1950).[26] Pursuant to Rule 52(a), F.R.Civ.P., the Federal Circuit gave proper deference to the findings of fact supporting the District Court's judgment (A4-7). It concluded that the District Court's decision was a "correct application of the patent law to the facts found" (A3).

35 U.S.C. § 282 provides that "[a] patent shall be presumed valid" (A188). In order to escape liability for its massive infringement, Kodak had the burden in the District Court to establish by clear and convincing evidence that each of the seven patents was invalid. *Dennison Mfg. Co.* v. *Panduit Corp.,* ___ U.S. ___, 106 S.Ct. 1578, 1579 (1986); *Radio Corp.* v. *Radio Laboratories,* 293 U.S. 1 (1934). Kodak's arguments of invalidity before the District Court, the Federal Circuit and this Court are no more than hindsight reconstruction of prior art references that were before the Patent and Trademark Office during the prosecution of the applications for these seven patents or were no better than that art. On appeal, Kodak complained that the District Court both read limitations into the patent claims and read the prior art too narrowly, depend-

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[25] See, e.g., A52-64 ('821), A64-78 ('789), A78-88 ('165/'262), A102-10 ('540), A111-14, 122-30 ('392), A130-42 ('211).

[26] See A62-64 ('821), A75-78 ('789), A87-88 ('165/'262), A109-10 ('540), A129-30 ('392), A140-42 ('211).

ing on which patent was being attacked. These contentions were properly rejected by the Federal Circuit. They deserve no further reconsideration here.

IV. ARGUMENT

A. This Case Presents No Substantial Question Of Public Importance

Kodak's public policy arguments are unsound,[27] and come with cynicism and ill grace. Kodak entered the field of instant photography not by contributing to the public interest in the form of new products, but to protect its conventional photography business from Polaroid's SX-70 integral instant photography system, *supra* pp. 4-5.

The technological significance of SX-70 is manifest by Kodak's reaction to it. Kodak had observed with disinterest Polaroid's development of sepia, black-and-white and color peel-apart systems (A45-48). Kodak's response to SX-70 was dramatically different. After failing in a crash development program of its own, Kodak simply appropriated Polaroid's patented work product.[28]

Neither of the decisions below "require[d] Kodak to close its instant photography business" (P11). The District Court enjoined Kodak from infringing fourteen claims of five unexpired Polaroid patents (A161-62).[29] Kodak was free to employ non-infringing alternatives. Kodak's withdrawal from instant photography is compelling evidence that patent infringement was a necessary part of its commercial strategy.

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[27] See, e.g., *Dawson Chemical Co.* v. *Rohm & Haas Co.*, 448 U.S. 176, 215 (1980): "[T]he long-settled view [is] that the essence of a patent grant is the right to exclude others from profiting by the patented invention. 35 U.S.C. § 154; see *Continental Paper Bag Co.* v. *Eastern Paper Bag Co.*, 210 U.S. 405, 424-25 (1908); *Zenith Radio Corp.* v. *Hazeltine Research, Inc.*, 395 U.S. 100, 135 (1969)."

[28] Apposite here is *Diamond Rubber Co.* v. *Consol. Tire Co.*, 220 U.S. 428, 435 (1911): "[The law] regards a change as evidence of novelty, the acceptance and utility of change as a further evidence, even as demonstration."

[29] During the nine and a half years of Kodak's infringement, two of the patents in suit, '821 and '789, expired.

Kodak's attack on the pattern of the Federal Circuit decisions is unfounded[30] and is also irrelevant to the issues in this case. This action was tried and submitted before the Federal Circuit came into existence. Thus, the District Court's decision was based on the law of this Court and, for the most part, that of the regional circuits.[31]

Kodak's denigration of the patent system (P12)[32] is founded in its frustration and knowledge that, in instant photography, Polaroid has been the innovator and Kodak the imitator.[33] Kodak's assertion (P13, 27) that the decisions in this case "can only chill the use of innovative technology by those seeking to compete with the original entrant into any field" is simply an attack on the patent system itself. The Constitution and Congress have stated that it is the patentee who is to be

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[30] Kodak's statistics on the performance of the Federal Circuit (P13) are virtually meaningless. Kodak's 46% figure does not take into account those cases in which the Federal Circuit found the patent invalid or unenforceable on grounds other than obviousness. It also ignores that the Federal Circuit has affirmed rejections of patent applications by the Patent and Trademark Office in 83% of the appeals brought by dissatisfied applicants. Dunner, Introduction, 13 *AIPLA Q.J.* 185, 187-89 (1985). Kodak's 66% figure for the regional circuits as a group concedes the variance among these circuits in patent matters. It merely highlights the concern about forum-shopping reflected in the legislative history of the Federal Courts Improvement Act, which noted that three circuits were believed to be "not inhospitable" to patents, while the others were less favorably inclined. H.R. Rep. No. 97-312, 97th Cong., 1st Sess. (1982) at 21.

[31] Kodak's assertion that the District Court failed "to apply the controlling decisions of this Court on obviousness" (P14) ignores that the District Court discussed the *Graham* analysis extensively in its two summary judgment decisions (A164-65, 173-74). The District Court did not repeat this discussion in its Memorandum of Decision after trial because the parties by then had agreed on the applicable legal standards (A51).

[32] Kodak's suggestion that, since *Graham*, the percentage of patents granted has increased (P12) is wrong. The percentage of patents issued has declined from about 68% in 1968 (65,000 patents issued, 95,000 applications filed) to about 60% in 1985 (75,000 patents issued, 126,000 applications filed). Commissioner of Patents and Trademarks, 1985 *Annual Report* 20, 22 (1986).

[33] Kodak's position here is inconsistent with its own patent policy (JA6128). Kodak, which itself holds more than four thousand unexpired United States patents, has tried to take full advantage of the patent system in the technological areas in which it has been innovative. See, e.g., *GAF Corp. v. Eastman Kodak Co.*, 519 F. Supp. 1203, 1234-35 (S.D.N.Y. 1981).

encouraged, not the infringer. See, e.g., *Diamond* v. *Chakrabarty, supra,* 447 U.S. at 307.[34]

B. The Federal Circuit Correctly Reviewed The District Court's Findings And Conclusions On Nonobviousness

This Court "do[es] not try the facts of cases *de novo*". *United States* v. *du Pont & Co.,* 351 U.S. 377, 381 (1956). " 'If there is warrant for the action of the District Court, our task on review is at an end.' *Group of Institutional Investors* v. *Chicago, M., St. P. & P. R. Co.,* 318 U.S., at 564." *New Haven Inclusion Cases,* 399 U.S. 392, 435 (1970). See also *United States* v. *Yellow Cab Co.,* 338 U.S. 338, 340-41 (1949). "A court of law, such as this Court is, rather than a court for correction of errors in fact finding, cannot undertake to review concurrent findings of fact by two courts below in the absence of a very obvious and exceptional showing of error." *Graver Mfg. Co.* v. *Linde Co.,* 336 U.S. 271, 275 (1949). Accord *Faulkner* v. *Gibbs,* 338 U.S. 267, 268 (1949); *Goodyear Co.* v. *Ray-O-Vac Co.,* 321 U.S. 275, 278 (1944); *Williams Co.* v. *Shoe Mach. Corp.,* 316 U.S. 364, 367 (1942). This Court continues to adhere to the "two-court rule" where fact findings are at issue. See *NCAA* v. *Board of Regents of Univ. of Okla.,* 468 U.S. 85, 98n.15 (1984); *Rogers* v. *Lodge,* 458 U.S. 613, 623 (1982); *Branti* v. *Finkel,* 445 U.S. 507, 512n.6 (1980); *Berenyi* v. *Immigration Director,* 385 U.S. 630, 635 (1967).[35]

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[34] The importance of protecting intellectual property in the modern world economy was recently made plain in the Report of the President's Commission on Industrial Competitiveness: "When intellectual property rights are protected, innovators are able to recover the costs incurred in research, product development, and market development. This cost recovery justifies the risks associated with development of new technologies and products today and is essential for stimulating the future R&D that is necessary to maintain America's competitive edge." 2 *Global Competition, The New Reality* 306 (1985).

[35] As Kodak concedes (P15), the subsidiary factual determinations required by *Graham* are subject to the "clearly erroneous" standard of Rule 52(a), F.R.Civ.P. See *Dennison Mfg. Co., supra,* 106 S.Ct. at 1578-79; see also *Anderson* v. *City of Bessemer City, N.C.,* _U.S._, 105 S.Ct. 1504, 1511-12 (1985). The Federal Circuit's refusal to "re-try *de novo* the facts underlying the judgment on the § 103 issue" (A5n) is not in conflict with this Court's decisions in *Graham* and *A. & P. Tea Co.* v. *Supermarket Corp.,* 340 U.S. 147 (1950), as Kodak contends (P15). In those cases, the legal conclusions of claim construction and obviousness were at issue, not the trial court's factual findings.

The ultimate conclusion of obviousness or non-obviousness is a legal question (A4). The Federal Circuit properly applied the clearly erroneous standard of Rule 52(a), F.R.Civ.P., only to the District Court's factual findings underlying the legal conclusions of non-obviousness. It did not hold, as Kodak contends (P14), that obviousness was a factual matter or that Kodak had the burden of proving it as such. See 35 U.S.C. § 282 (A188); *Dennison Mfg. Co., supra,* 106 S.Ct. at 1578-79. The Federal Circuit reviewed Kodak's numerous attacks on the District Court's fact findings under the clearly erroneous standard. Only then, on the basis of the facts thus established,[36] did it consider whether the District Court's legal conclusions were in error. This is plainly the proper way to review the trial court's determination of the legal issue of obviousness. See *Graham, supra,* 383 U.S. at 17.

The Federal Circuit correctly rejected Kodak's assertion (P16) that the District Court was "influenced by preconceptions of Kodak's culpability".[37] The District Court objectively considered the history of Kodak's attempts at instant photography as evidence bearing on the issues of validity and infringement where appropriate (e.g., A48-50, 54-55, 61, 76-77, 85-86, 109, 132). See *Graham, supra,* 383 U.S. at 17-18; *Eibel Co.* v. *Paper Co.,* 261 U.S. 45, 55-56 (1923); *Diamond Rubber Co., supra,* 220 U.S. at 440-41; *Carnegie Steel Co.* v. *Cambria Iron Co.,* 185 U.S. 403, 439-40, 442 (1902). There is no indication whatsoever that the District Court preconceived that Kodak's reactions to Polaroid's SX-70 program were in bad faith.[38]

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[36] Even a cursory look at the Federal Circuit analysis of the District Court's findings contradicts Kodak's unsupportable assertion that "the court of appeals strove with a singleness of purpose to hold the patents in suit valid" (P14). See, e.g., its analysis of '165/'262, in which the Federal Circuit held that one subsidiary finding was clearly erroneous (A24) but that this error, when taken together with the remainder of the related '165/'262 findings, was harmless (A24-25).

[37] Kodak's statement that it "did not accuse the district court of bias" (P16n) is untrue. In its motion seeking a stay of injunction pending appeal, Kodak asserted: "In allowing these irrelevant perceptions to affect its judgment, the [district] court obviously did not approach the narrow issues of validity and infringement in an even-handed manner. The court's pernicious conclusion poisoned the well respecting these issues and was serious error which unquestionably led to many other errors of law and fact".

[38] Kodak's assertion that "there was not (and could not have been) a finding that Kodak had copied any Polaroid product" (P16), does not square with the evidence. After years of unsuccessful efforts, Kodak did not adopt

C. The Decisions Below Are Consistent With The Decisions Of This Court

1. Neither the patent statute nor this Court has established a special test for combination patents

35 U.S.C. § 103 (A186-87) provides one standard of invention, "non-obvious subject matter".[39] This statutory standard requires the court to determine whether or not "the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains." There is no special standard of "strict scrutiny" for combination patents established in the statute.[40]

This Court, in *Graham, supra,* recognized Section 103 as providing "a more practical test of patentability". It thereby established the analytical framework by which non-obviousness is to be determined. 383 U.S. at 17-18. Contrary to Kodak's assertion (P17-18), neither *Graham,* 383 U.S. at 22-26, 32-37, nor any other decision of this Court since *Graham* requires a special "strict scrutiny" test.[41]

" '[C]ourts "should not read into the patent laws limitations and conditions which the legislature has not expressed." '

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the '540, '211, and '392 inventions until after it was aware of Polaroid's SX-70 product, which incorporated those inventions, *supra* pp. 11-12, 12n, 14n. Kodak did not adopt the '789 and '821 inventions until after it learned of those Polaroid patents, *supra* pp. 7, 8.

[39] One purpose of Congress in enacting the "relatively unambiguous" standard of Section 103 was to clarify confusion in the judicially developed requirement of "invention" that had resulted from "rhetorical embellishment" of the requirement in various Court decisions. *Graham, supra,* 383 U.S. at 14, 15n.7. Under Section 103, "the general level of innovation to sustain patentability remains the same." *Graham, supra,* 383 U.S. at 4.

[40] There is nothing in the legislative history of 35 U.S.C. § 103 that indicates that Congress contemplated a special strict scrutiny test for combination patents. H.R.Rep. No. 1923, 82nd Cong., 2nd Sess. (1952) at 7; S.Rep. No. 1979, 82nd Cong., 2nd Sess. (1952) at 6.

[41] *Adams, supra,* 383 U.S. at 45-52; *Dann* v. *Johnston,* 425 U.S. 219, 223-26 (1976); *Anderson's-Black Rock* v. *Pavement Co.,* 396 U.S. 57, 61 (1969); *Sakraida* v. *AG Pro, Inc.,* 425 U.S. 273, 282 (1976). Each of these decisions endorses the *Graham* analysis. *Adams, supra,* 383 U.S. at 41; *Dann, supra,* 425 U.S. at 226; *Anderson's-Black Rock, supra,* 396 U.S. at 61-62; *Sakraida, supra,* 425 U.S. at 280.

Diamond v. *Chakrabarty,* [447 U.S. 303, 308 (1980)], quoting *United States* v. *Dubilier Condenser Corp.,* 289 U.S. 178, 199 (1933)." *Diamond* v. *Diehr,* 450 U.S. 175, 182 (1981). That all elements of a combination patent might be old does not alter the analytical conclusion as Kodak asserts (P18). This Court said in *Adams, supra,* 383 U.S. at 50, when it upheld a patent on a battery made of old elements: "It begs the question . . . to state merely that magnesium and cuprous chloride were individually known battery components. If such a combination is novel, the issue is whether bringing them together as taught by Adams was obvious in the light of the prior art." Accord *Loom Co.* v. *Higgins,* 105 U.S. 580, 591 (1881); *Potts* v. *Creager,* 155 U.S. 597, 607-08 (1895).[42]

The Federal Circuit's decision in this action is, therefore, not "in conflict with the decision of another federal court of appeals",[43] nor inconsistent with the decisions of this Court. It presents no "special and important reasons" for review on certiorari. Sup.Ct.R. 17.1.

2. The District Court properly considered all of the prior art relied on by Kodak

Kodak asserts that the lower courts "did not treat the question before them as whether an application of prior art

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[42] This Court's remarks in *Diamond* v. *Diehr, supra,* 450 U.S. at 189n.12, apply to Kodak's contention here: "To accept the analysis proffered by the petitioners would, if carried to its logical extreme, make all inventions unpatentable because all inventions can be reduced to underlying principles of nature which, once known, made their implementation obvious."

[43] Kodak ignores more recent authority when it contends (P19) that the Federal Circuit's decisions refusing to add additional limitations and conditions to the statutory standard are "a departure . . . from the uniform position of all eleven courts of appeals before the creation of the Federal Circuit." See *Square Liner 360°, Inc.* v. *Chisum,* 691 F.2d 362, 369 (8 Cir. 1982); *Rengo Co. Ltd.* v. *Molins Mach. Co.,* 657 F.2d 535, 543-46 (3 Cir. 1981), cert. denied 454 U.S. 1055 (1981); *Champion Spark Plug Co.* v. *Gyromat Corp.,* 603 F.2d 361, 372 (2 Cir. 1979), cert. denied 445 U.S. 916 (1980); *Republic Industries, Inc.* v. *Schlage Lock Co.,* 592 F.2d 963, 969 (7 Cir. 1979); *Plastic Container Corp.* v. *Continental Plastics,* 607 F.2d 885, 904 (10 Cir. 1979), cert. denied 444 U.S. 1018 (1980); *Nikola* v. *Peterson,* 580 F.2d 898, 912n.22 (6 Cir. 1978), cert. denied 440 U.S. 961 (1979); *Bowser, Inc.* v. *United States,* 388 F.2d 346, 349-50 (Ct.Cl. 1967). To the extent that other circuits espoused different views, the Federal Circuit, following its legislative mandate of "providing for uniformity of doctrinal development in the patent area", S.Rep. No. 97-275, 97th Cong., 1st Sess. (1982) at 5, has adopted the better reasoned view.

would have been obvious to one familiar with the body of scientific and engineering knowledge applicable to the chemistry and mechanics of photography" (P21).[44] Kodak is wrong. For each patent for which Kodak raises this contention, the District Court carefully considered prior art from many areas including conventional film chemistry (A64-65), conventional film materials (A107-09), the design of conventional cameras (A111, 120, 127-28, 145-47), engineering texts (A118) and even such remote devices as machines to feed data-processing cards (A127). For each patent, the District Court made the requisite factual inquiry of the level of skill in the art (A47-49, 59-60, 61, 69-70, 78-79, 86, 95, 106-07, 118, 123, 137, 145), the scope and content of the prior art, and the differences between that art and the claimed invention (A58-61, 72-73, 76-77, 78, 82-83, 84-86, 88-89, 95-98, 102-03, 105-06, 107-09, 117-21, 123-28, 135-39, 145-47). *Graham, supra,* 383 U.S. at 17. The Federal Circuit's opinion correctly approved this approach (see, e.g., A9-13, 16-17, 22-26, 27-31, 35-37).[45]

3. The District Court properly rejected Kodak's contentions concerning obviousness

Kodak's complaint about the obviousness analyses of the Courts below (P5-8, 19-24) focuses only on portions of the

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[44] The corollary contention that the District Court failed to examine the prior art "as a whole" (P21-22) is equally unpersuasive. The District Court's opinion begins with a comprehensive comparison of conventional and instant photography (A44-47). Furthermore, 35 U.S.C. § 103 requires that the Court consider non-obviousness "at the time the invention was made" from the standpoint of "a person having ordinary skill" in the pertinent prior art. Considering the art "at the time the invention was made" precludes looking at the claimed invention in hindsight, and cautions against reading into the prior art the teachings of the invention in issue. *Graham, supra,* 383 U.S. at 36. Accord *Adams, supra,* 383 U.S. at 51-52, *Diamond Rubber Co., supra,* 220 U.S. at 434-35; *Loom Co., supra,* 105 U.S. at 591. Such an examination requires a Court to consider "known disadvantages in old devices which would naturally discourage the search for new inventions." *Adams, supra,* 383 U.S. at 52.

[45] Equally unsound is Kodak's contention (P21) that the Courts below over-emphasized "the mere priority of application of [the prior art] to the specific field of 'integral instant color photography' ". The District Court properly followed 35 U.S.C. § 103 in assessing "the differences between the subject matter sought to be patented and the prior art." The claims of the patents in suit, when interpreted in light of their specifications, *Adams, supra,* 383 U.S. at 48-49, are directed to integral film units ('165/'262, '540), integral instant cameras ('392, '211), and color instant photographic processes ('821, '789).

patent claims at issue.[46] This ignores the requirement of 35 U.S.C. § 103 that a claim be considered "as a whole," and Kodak's own assertion that "it is the claim that defines the invention" (P25). See, e.g., *Leeds & Catlin v. Victor Talking Mach. Co.*, 213 U.S. 301, 318 (1909). This Court's decision in *Adams, supra*, 383 U.S. at 49,[47] states that claims "are to be construed in the light of the specifications and both are to be read with a view to ascertaining the invention".[48]

a. '821

Kodak contends that the "essence" of the '821 invention was "merely to reduce the alkalinity of the processing fluid, in sepia, color, or any other instant film" (P22), and that this was taught in the prior art '030 patent.[49] This argument ignores both the asserted claim of '821 and the findings of the District Court. Claim 1 is directed to a stabilization "process [for] forming color transfer images" (A8). The District Court credited Dr. Land's testimony with respect to "the essential differences between the processes for sepia and color" (A60-61). The significant differences between the structure, function and operation of the slowly dissolving polymeric acid in the sepia silver transfer process of '030 and the non-diffusible polymeric acid layer in the dye image forming process of '821, *supra* pp. 6-7, properly led the District Court to find that '030 "does not teach the system embodied in '821" (A60). The facts at Polaroid and Kodak, *supra* p. 7, confirm the lack of merit of Kodak's invalidity assertion.

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[46] The Federal Circuit properly began its analysis by considering each contested claim "as a whole", as required by 35 U.S.C. § 103 (see A8, 15, 21-22, 26-27, 31-33, 37-38). The District Court expressly stated this standard in connection with one of the patents (A84) and followed it implicitly with respect to all of the other patents in suit (A57-61, 72-77, 82-86, 97-98, 104-09, 120-21, 134-39, 146-47, 179).

[47] In *Adams*, the Court held that "the fact that the Adams battery is water-activated sets his device apart from the prior art." *Id.* at 48. The principal claims did not mention a water-electrolyte, but the specification described one objective of the invention to be a battery rendered serviceable by the mere addition of water. The Court's interpretation of the invention was reinforced by the fact that the only electrolytes specified in any claim were water-based.

[48] To the same effect, in the context of infringement, is *Eibel Co., supra*, 261 U.S. at 63: "In administering the patent law, the court first looks into the art to find what the real merit of the alleged discovery or invention is . . . ." Accord *Graver Mfg. Co., supra*, 339 U.S. at 608.

[49] The Patent Examiner properly rejected '030 as prior art, which was disclosed in the '821 specification (A9, 52).

b. '165/'262

The District Court enumerated the many significant differences between '645 and '165/'262, and rejected Kodak's contention (P23) that '645 is "virtually the same structure" as '165/'262 (A83).[50] The District Court also rejected Kodak's assertion (P19) that '659 "specifically and expressly taught" the substitution of an opaque processing fluid for an opaque flap (A85). Kodak conceded below that '644 is as pertinent as '659. *supra* p. 10.[51] The District Court properly concluded that there was no reason why '659, which is no more pertinent than '644, could affect the validity of '165/'262 (A24).

The District Court (A78-80) considered '644 in detail and determined that the Rogers invention was non-obvious in light of the combination of either '644 or '659 and '645 (A23-24). This finding is consistent with the Patent Examiner's allowance of the '165/'262 over '644 and '645 (A22-24), and Kodak's attempt to patent the same film unit over '644 and '645 (A25-26, 85-86).

c. '540

Kodak asserts that it would have been obvious to combine "two polyester supports with the film structure disclosed in the prior art" (P20) and that the findings below to the contrary are "simply ludicrous" (P23). Kodak is wrong. Polyester was well known, to be sure, but the District Court correctly found that its property of low moisture permeability led those of ordinary skill in the art to consider it unsuitable for use in an integral film unit (A105-06). The prior art '606 and '342 patents were around for a long time but did not teach or suggest the '540 invention (A107). For years, Polaroid itself rejected polyester as both supports for an integral film unit. It was not until Dr. Land had the insight that led to the '540 invention that the SX-70 support problem was solved (A105). Kodak conducted a multitude of unsuccessful experiments with hundreds of

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[50] Instead of urging, as it did below, that there is only one difference between the '645 prior art patent and the Rogers invention, i.e., the use of an opaque flap instead of opaque processing fluid, Kodak now asserts that this is the only "pertinent" difference (P19). This gloss on its position below does not make any difference.

[51] '644 described the use of opaque processing fluid to serve as one wall of the darkroom in an integral film unit, while '659 describes such use with peel-apart films (A78-79, 84-85).

supports before examining an SX-70 film unit. It then adopted the SX-70 structure. These events dispose of Kodak's "conjecture of what might have been seen and yet was not". *Diamond Rubber Co., supra,* 220 U.S. at 435.[52]

d. '392

Kodak asserts that the Federal Circuit should have combined "individual elements from three prior patents and thereby recreate the invention claimed in the '392 patent" (P20). Such a retrospective combination ignores Polaroid's years of unsuccessful efforts before Dr. Land's invention of '392 as well as Kodak's years of failures before it saw SX-70, *supra* p. 12n. Kodak also ignores the District Court's enumeration of the significant differences between the film transport and processing system of '392 and each of the scores of prior art references relied on by Kodak (A111-12, 123-28).[53] The District Court found, based on the expert testimony at trial, that these differences would have rendered the prior art inapplicable to the transport requirements of a camera that stores, exposes and processes flexible integral film units.[54]

4. The District Court properly found that Kodak was not practicing the prior art

The District Court properly construed the claimed inventions of '789 and '211 in light of the specifications (e.g., A74, 134-35). It then determined that the references relied on

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[52] Apposite here is *Potts, supra,* 155 U.S. at 608: "The apparent simplicity of a new device often leads an inexperienced person to think that it would have occurred to any one familiar with the subject; but the decisive answer is that with dozens and perhaps hundreds of others laboring in the same field, it had never occurred to any one before"; *Loom Co., supra,* 105 U.S. at 591.

[53] Kodak mischaracterizes the District Court's analysis of the '452 and '370 patents (P24n). The District Court found those designs, which were "never built because [they were] too complex to be practical . . . totally different in function and design from that disclosed in the patent in suit" (A125).

[54] Kodak's assertion that "the refusal of the lower courts to recognize that prior art developed outside integral instant color photography could be adapted in an obvious way to meet the new problems created by that field was legal error" (P24) is unpersuasive. In holding three of Polaroid's patents invalid, the District Court showed no hesistancy in relying on art from peel-apart instant photography, conventional photography and general principles of chemistry (A120-21, 147, 179). With respect to '392, however, the District Court recognized that "the context of the entire film transport arrangement and the demands of an instant camera" made "the differences between the prior art and the invention . . . important" (A128).

by Kodak did not anticipate (A76-77, 135-36).[55] On that basis, it found that Kodak was not practicing the prior art (A77, 141n). Kodak simply has no foundation for its assertions to the contrary.

a. '789

The District Court heard numerous experts from both sides. It ultimately credited Mr. Rogers's testimony, finding that '789 and PR-10 are the same one-step processes having the same reaction mechanisms (A75). It also found that Whitmore-Mader disclosed a "fundamentally different" two-step process "of questionable utility" requiring two *separate* processing solutions in two *separate* processing treatments (A76). It rejected Kodak's self-serving assertion (P5, 26) that PR-10 was the same two-step process as Whitmore-Mader and, therefore, Kodak was practicing the prior art (A77).

b. '211

The District Court found that '211 claims an integral instant camera structure that deflects an integral film unit to improve spread control (A134, 141n). It also found that '619 discloses a peel-apart camera in which a peel-apart film happens to exit through a curved passage after its two components are superposed (A135-36).[56] The numerous significant distinctions between '211 and '619 led the Court to conclude properly that '619 did not anticipate '211 (A135).[57] See *Tilghman* v. *Proctor,* 102 U.S. 707, 711-12 (1880).

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[55] Anticipation under 35 U.S.C. § 102 (A185-86) requires a finding that *every* element of the claimed invention appears in a single prior art reference united in the same way to perform the same function. See, e.g., *Bates* v. *Coe,* 98 U.S. 31, 42, 48 (1878).

[56] Because the positive and negative components of the '619 peel-apart films are kept in separate chambers while in the camera and are not united until they pass through the spread rollers, *supra* p. 14, there is no such thing as an integral "film unit" in '619 as Kodak contends (P7).

[57] Kodak asserts here that it was practicing "the known [prior] art of bending the film unit as it exits the camera" (P26-27). This is contrary to its position before the District Court (A141) and the Federal Circuit (A40), where Kodak urged that it followed the teaching of U.S. Patent 3,350,991, a prior art patent that taught that the film unit should exit without deflection (A136). It also ignores that the peel-apart and integral film art prior to '211 taught that a film unit should exit straight out of the camera, without being bent (A137-39).

V. CONCLUSION

The seven patents on appeal represent significant contributions to instant photography. Kodak has unlawfully appropriated them under circumstances that neither require nor invite reconsideration of the governing legal principles. Kodak's petition, which seeks a hearing *de novo* in this Court, should be denied.

Respectfully submitted,

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August 22, 1986

APPENDIX

Federal Rules Of Civil Procedure

Rule 52. Findings by the Court

(a) Effect. In all actions tried upon the facts without a jury or with an advisory jury, the court shall find the facts specially and state separately its conclusions of law thereon, and judgment shall be entered pursuant to Rule 58; and in granting or refusing interlocutory injunctions the court shall similarly set forth the findings of fact and conclusions of law which constitute the grounds of its action. Requests for findings are not necessary for purposes of review. Findings of fact, whether based on oral or documentary evidence, shall not be set aside unless clearly erroneous, and due regard shall be given to the opportunity of the trial court to judge of the credibility of the witnesses. The findings of a master, to the extent that the court adopts them, shall be considered as the findings of the court. It will be sufficient if the findings of fact and conclusions of law are stated orally and recorded in open court following the close of the evidence or appear in an opinion or memorandum of decision filed by the court. Findings of fact and conclusions of law are unnecessary on decisions of motions under Rules 12 or 56 or any other motion except as provided in Rule 41(b).